



**ALLSEC
TECHNOLOGIES
LIMITED**

Q
A QUESS ENTERPRISE

Annual Report
2021 - 22



Board of Directors

Mr. Ajit Isaac
Mr. Guruprasad Srinivasan
Mr. N. Ravi Vishwanath
Mr. Sanjay Anandaram
Mr. Milind Chalisgaonkar
Ms. Lakshmi Sarada R

Chairman & Non Executive Non Independent Director
Non Executive Non Independent Director
Non Executive Non Independent Director
Non Executive Independent Director
Non Executive Independent Director
Non Executive Independent Woman Director

Management Committee

Mr. Ashish Johri
Mr. Vaithyanathan R
Mr. Mahadevan C
Mr. Raghunath P
Mr. Tushar Ojaha

Chief Executive Officer
Senior Vice President - Operations
Senior Vice President - HRO
Chief Financial Officer
Vice President – HR

Company Secretary & Compliance Officer

Ms. Sripiriyadarshini

Auditors

Deloitte Haskins and Sells,
Chartered Accountants,
8th Floor, ASV N Ramana Towers,
52, Venkatnarayana Road,
T. Nagar, Chennai - 600017

Registered Office

46C, Velachery Main Road,
Velachery, Chennai - 600042

Corporate Office

46B, Velachery Main Road,
Velachery, Chennai 600 042.

Bankers

- Canara Bank
- HDFC Bank
- Kotak Mahindra Bank

Registrars & Transfer Agents

KFIN TECHNOLOGIES PRIVATE LIMITED,
Karvy Selenium Towers, No. - B,
Plot No. 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad 500 032, Telangana.



Index

Financial Highlights	3
Directors' Report	6
Annexures to Directors' Report	13
Auditor's Report on Standalone Financial Statements	55
Standalone Financial Statements	65
Auditor's Report on Consolidated Financial Statements	121
Consolidated Financial Statements	129



ALLSEC TECHNOLOGIES LIMITED

Financial Highlights
Standalone & Consolidated



(₹ in Lakhs)

		Ind AS						IGAAP					
S. No.	Particulars	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	
		March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	
A	Profit and Loss Account												
	Revenue	22,121	18,865	20,133	15,317	12,878	11,621	10,836	9,747	10,674	10,747	12,471	
	Profit Before Tax (PBT)^	11,942	2,128	1,818	2,015	2,478	2,037	1,245	(130)	543	(333)	(1,470)	
	Profit After Tax (PAT)	9,753	1,597	945	951	2,899	2,254	948	(174)	543	(333)	(1,470)	
B	Balance Sheet												
	Net fixed assets (Incl.ROUA) *	5,055	2,833	2,531	1,160	1,013	793	745	927	1,769	2,384	3,131	
	Investments	5,714	5,991	4,359	10,473	10,857	10,328	6,724	5,282	6,178	3,532	3,118	
	Other Assets (Net)	8,620	8,651	8,800	5,886	5,673	3,483	4,966	5,387	4,162	5,650	5,762	
	Total Assets	19,389	17,475	15,690	17,519	17,543	14,604	12,435	11,596	12,109	11,566	12,011	
	Equity Share Capital	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524	
	Reserves & Surplus	14,681	14,105	12,537	15,950	15,954	13,055	10,876	9,928	10,497	9,954	10,287	
	Net worth	16,205	15,629	14,061	17,474	17,478	14,579	12,400	11,452	12,021	11,478	11,811	
	Other Financial Liabilities (Incl.Lease Liabilities) *	3,184	1,846	1,629	45	65	25	35	144	88	88	200	
	Total Liabilities	19,389	17,475	15,690	17,519	17,543	14,604	12,435	11,596	12,109	11,566	12,011	
C	Earning Per Share (EPS) & Key Ratios												
	Basic EPS (in ₹)	64.00	10.48	6.20	6.24	19.02	14.79	6.22	(1.14)	3.57	(2.19)	(9.64)	
	Diluted EPS (in ₹)	64.00	10.48	6.20	6.24	19.02	14.27	6.22	(1.14)	3.47	(2.19)	(9.64)	
	Book Value per share	106.33	102.55	92.26	114.66	114.69	95.66	81.36	75.14	78.88	75.33	77.5	
	Return on Capital Employed	63%	13%	13%	12%	14%	14%	10%	(1%)	5%	(2%)	(12%)	
	Return on Networth	61%	11%	7%	5%	17%	15%	8%	(2%)	5%	(3%)	(12%)	
	Fixed Assets Turnover	5.60	9.45	7.95	13.20	12.71	14.65	14.54	10.51	6.03	4.51	3.98	
	Working Capital Turnover	3.87	3.35	3.60	4.38	3.96	6.25	2.2	1.80	2.57	1.90	2.16	

[^] Profit before taxation (PBT) for year ended 31 March 2022 includes Dividend Income from Subsidiary amounting to ₹9,252 Lakh and PBT as at 31 March 2020 & 31st March 2019 includes one time investment impairment of ₹1,214 lakhs & ₹1,307 lakhs respectively.

* Net Fixed Assets as at 31 March 2022 includes Right Of Use Asset (ROUA) amounting to ₹3,141 Lakh (31 March 2021- ₹1,711 Lakh) and Other Financial Liabilities includes Lease Liabilities of ₹3,184 Lakh (31 March 2021- ₹1,830 Lakh) arising as an impact of adoption of Ind AS-116 on Leases effective from 01-04-2019. Previous Year/s figures are regrouped wherever necessary.



(₹ in Lakhs)

S. No.	Particulars	Ind AS						IGAAP					
		Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
		March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	Year Ended March 31, 2016	Year Ended March 31, 2015	Year Ended March 31, 2014	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2012
A	Profit and Loss Account												
	Revenue	31,720	27,669	29,444	26,116	32,496	31,812	23,338	15,086	19,962	32,007	18,314	
	Profit Before Taxation (PBT) [^]	6,115	4,371	5,720	2,883	6,359	6,328	3,453	(1,233)	(5,363)	2,063	(1,049)	
	Profit After Taxation (PAT)	3,564	3,512	4,493	1,567	5,953	6,172	3,094	(1,406)	(3,714)	884	(1,472)	
B	Balance Sheet												
	Net Fixed Assets (Incl. ROUA) [*]	6,375	3,341	3,440	1,321	2,424	2,233	2,231	2,652	3,906	4,293	4,634	
	Investments	4,694	4,971	3,339	8,239	7,316	6,139	1,911	175	1,072	888	510	
	Other Assets (Net)	14,173	20,365	18,370	12,265	11,078	6,613	5,261	3,400	3,236	6,312	5,048	
	Total Assets	25,242	28,677	25,149	21,825	20,818	14,985	9,403	6,227	8,214	11,493	10,192	
	Equity Share Capital	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524	
	Stock Options Outstanding	-	-	-	-	-	-	-	-	-	-	-	
	Reserves & Surplus	19,420	24,988	21,283	20,256	19,229	13,436	7,623	4,621	6,430	8,620	8,391	
	Net Worth	20,944	26,512	22,807	21,780	20,753	14,960	9,147	6,145	7,954	10,144	9,915	
	Other Financial Liabilities (Incl. Lease liability) [*]	4,298	2,164	2,342	45	65	25	256	82	260	325	23	
C	Non-Controlling Interest (Minority Interest)	-	-	-	-	-	-	-	-	-	1,024	254	
	Total Liabilities	25,242	28,676	25,149	21,825	20,818	14,985	9,403	6,227	8,214	11,493	10,192	
	Earning Per Share (EPS) & Key Ratios												
	Basic EPS (In ₹)	23.39	23.05	29.48	10.28	39.07	40.50	20.30	(9.23)	16.40	1.28	(11.14)	
	Diluted EPS (In ₹)	23.39	23.05	29.48	10.28	39.07	40.50	20.30	(9.23)	16.40	1.24	(11.14)	
	Book Value per Share	137.43	173.96	149.65	142.91	136.17	98.16	60.02	40.32	52.19	66.56	65.06	
	Return on Capital Employed	24%	15%	24%	13%	31%	43%	38%	-18%	-63%	21%	-10%	
	Return on Networth	17%	13%	20%	7%	29%	41%	34%	(23%)	-47%	9%	-15%	
	Fixed Assets Turnover	4.98	8.28	8.56	19.77	13.41	14.25	10.46	5.69	5.11	7.46	3.95	
	Working Capital Turnover	2.91	1.63	2.02	2.69	3.85	6.68	4.51	4.66	12.71	5.07	3.63	

[^] Profit before taxation for year ended 31st March 2019 includes one time goodwill impairment of ₹1,247 lakhs.^{*} Net Fixed Assets as at 31 March 2022 includes Right Of Use Asset (ROUA) amounting to ₹4,265 Lakh (31 March 2021- ₹2,011 Lakh) and Other Financial Liabilities includes Lease Liabilities of ₹4,298 Lakh (31 March 2021- ₹2,164 Lakh) arising as an impact of adoption of Ind AS-116 on Leases effective from 01-04-2019. Previous Year/s figures are regrouped wherever necessary.



Directors' Report

The Directors take pleasure in presenting to you the 23rd Annual Report of the Company covering the Financial Year ended March 31, 2022.

1. Financial Performance

(₹ In Lakhs)

	STANDALONE			CONSOLIDATED		
	YEAR ENDED			YEAR ENDED		
	31-Mar-22	31-Mar-21	F/(A) (in %)	31-Mar-22	31-Mar-21	F/(A) (in %)
Revenue from Operations	22,121	18,865	17%	31,720	27,669	15%
Total Costs	17,981	15,189	(18%)	23,697	21,079	(12%)
EBIDTA	4,140	3,676	13%	8,023	6,590	22%
EBIDTA (%)	19%	19%		25%	24%	
Other Income	(9,788)	(381)	2469%	(645)	(364)	77%
Depreciation and amortization expense	1,805	1,719	(5%)	2,345	2,339	0%
Finance costs	181	210	14%	208	244	15%
Profit before exceptional items and tax	11,942	2,128	461%	6,115	4,371	40%
Profit after tax	9,753	1,597	511%	3,564	3,512	1%

*F / (A) stands for Favourable / Adverse

2. Business Outlook

The Company operates two business segments namely the Human Resources Operations (HRO) business that caters to the payroll and other HR service we provide to our clients and the Digital Business Services (DBS) business which provides the voice and non-voice services to domestic and international clients. The DBS business is delivered out of India and Manila, with capability to deliver from America as well. The HRO business is largely delivered out of India and Manila.

FY22 was a year of recovery after what was a COVID-19 impacted FY21. The pandemic did have an impact in the first quarter of the current financial year as well. However we have seen return to near normal by end of the financial year with most processes reverting to work from home by end of the year. We have also seen increase in business activities and faster decision making at the customer end.

The DBS international business has had a great year with good sales wins in the North American market and we believe that this trend will continue in the coming years as well.

Domestic DBS was largely impacted during Q1 FY22 and has since bounced back and ended the year strongly.

HRO business has returned to normalcy with growth coming from both new customer wins and organic increase in our existing customer payroll count. We crossed the significant milestone of processing more than 1 million monthly payslips during the current year which is a testament to our strong and scalable technology infra.

The Operational financial performance of your Company continued to improve during this year. Profit before Tax and Exceptional Item (PBTE) stood at ₹11,942 lakhs as compared to ₹2,128 lakhs in the previous year. Your Company has reported Net profit after tax for the current year at ₹9,753 lakhs as compared to Net profit after tax of ₹1,597 lakhs for the previous year.

Consolidated Revenues for the year stands at ₹31,720 lakhs as compared to ₹27,669 lakhs in the previous year. Consolidated Profit before Tax and Exceptional Item increased to ₹6,115 lakhs from ₹4,371 lakhs in the previous year. Net profit after tax stood at ₹3,564 lakhs from ₹3,512 lakhs in previous year. Detailed analysis of the results forms part of the Management Discussion and Analysis (MD&A) report provided separately as part of the Annual Report.

The Company has delivery centers in India at Chennai, Bengaluru & NCR locations. On the international front



Allsec has centers in Manila (Philippines) and Dallas (United States of America).

There is no change in the nature of the Company's business.

3. Reserves

The Company has not transferred any amount to the general reserves during the year under review.

4. Transfer of Unclaimed Dividend to Investor Education and Protection Fund

There are no unclaimed dividend that are outstanding for more than 7 years and therefore no amounts are required to be transferred to Investor Education and Protection Fund under Section 125(2) of the Act.

5. Dividend

Your Company declared an interim dividend of ₹15/- per equity share on April 29, 2021 and second interim dividend of ₹45/- per equity share on October 28, 2021. The Board does not recommend any final dividend for the year.

6. Dividend Distribution Policy

Pursuant to Regulation 43A of the Listing Regulations, the Board of Directors of the Company has formulated a Dividend Distribution Policy. The dividend, if any, to be declared in the future will be paid as per this policy depending on a number of parameters, including but not limited to the Company's profits, capital requirements, overall financial condition, contractual restrictions and other factors considered relevant by the Board. The Dividend Distribution Policy adopted by the Company is available on the Company's website which can be accessed using the link <https://www.allsectech.com/investor-information/>

7. Share Capital

The paid up Equity Capital of the Company as on March 31, 2022 stood at ₹15,23,83,260/-

8. Subsidiary Companies

The Company has two subsidiaries as at year end namely Allsectech Inc., USA, and Allsectech Manila Inc., Philippines.

The Consolidated Financial statements of the Company and its subsidiaries are prepared in accordance with Indian Accounting Standards and forms an integral part of this Annual Report.

The Annual Accounts of the said subsidiaries and the related detailed information will be made available to the investors of the Company seeking such information at any point of time. Performance and financial position of subsidiaries included in consolidated financial

statements of the Company in format AOC-1 is provided in Annexure - G.

The Company monitors performance of subsidiary companies (list of subsidiary companies has been provided in the financial statements), inter-alia, by the following means:

- a) Allsectech Manila Inc, is a material subsidiary of the Company and hence an Independent Director from your Company will be appointed in Allsectech Manila Inc as per the requirements of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.
- b) The Audit Committee reviews the financial statements of the subsidiary companies on a quarterly basis.
- c) Your Company has formulated a Policy on Material Subsidiary as required under SEBI (LODR) Regulations, 2015 and the policy is hosted on the website of the Company under the web link <https://www.allsectech.com/investor-information/>

9. Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Notes to the financial statements forming an integral Part of the Annual Report.

10. Management Discussion & Analysis:

In terms of Regulation 34 of SEBI (LODR) Regulations, 2015, the Management Discussion and Analysis report is given as Annexure - B.

11. Directors

The Board of Directors of your Company consists of three (3) Non-Executive Non-Independent Directors and three (3) Non-Executive Independent Directors. All the Directors of your Company have rich background of highly productive leadership and management. The details of the members of the Board is given in the Corporate Governance section of the Annual Report.

a. Director retiring by rotation

In accordance with the provisions of Section 152 of the Act read with rules made thereunder and the Articles of Association of the Company, Mr. Ajit Abraham Issac (DIN: 00087168), is liable to retire by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment. A resolution seeking shareholders' approval for his re-appointment forms part of the Notice.

b. Key Managerial personnel

The Key Managerial Personnel of Allsec Technologies Limited upto the report date are mentioned below:



1. Mr. Ashish Johri - Chief Executive Director
2. Mr. Raghunath P – Chief Financial Officer
3. Mr. Gagan Preet Singh – Company Secretary (till January 31, 2022)
4. Ms. Sripiriyadarshini – Company Secretary (appointed on May 14, 2022)

c. Appointment of Directors & Key Managerial Personnel

The Board, approved the appointment of Mr. N. Ravi Vishwanath (DIN: 07332234), as an Additional Director in the capacity of Non-Executive Non-Independent Director of the Company with effect from April 1, 2021, on the recommendation of the NRC with the approval of shareholders accorded in the 22nd AGM held on September 9, 2021.

The Board, approved the appointment of Mr. Guruprasad Srinivasan (DIN: 07596207), as an Additional Director in the capacity of Non-Executive Non-Independent Director of the Company with effect from February 11, 2022, on the recommendation of the NRC with the approval of shareholders accorded through the Postal Ballot. The appointment was approved by the shareholders on April 30, 2022.

The Board, approved the appointment of Ms. Sripiriyadarshini, as the Company Secretary and Compliance Officer of the Company with effect from May 14, 2022, on the recommendation of the NRC. Ms. Sripiriyadarshini joined the Company on April 22, 2022.

d. Resignation of Directors & Key Managerial Personnel

Mr. Krishna Suraj Moraje resigned from his directorship with effect from the close of the business hours on February 10, 2022.

Mr. Gagan Preet Singh resigned from the position of Company Secretary and Compliance Officer with effect from the close of business hours on January 31, 2022.

12. Independent Directors and Board Evaluation

a. Declaration of Independence

The Independent Directors of the Company have declared that they meet the criteria of Independence in terms of Section 149(6) of the Companies Act, 2013, Regulation 25 of the SEBI (LODR) Regulations 2015.

During the year under review, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission, if any, and

reimbursement of expenses incurred by them for the purpose of attending meetings of the Board/ Committees of the Company.

None of the Directors of the Company is disqualified for being appointed as Directors as specified in Section 164(2) of the Act and Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

b. Annual Board Evaluation

Pursuant to Section 134(3) of the Companies Act, 2013 & Rule 8 of the Companies (Accounts) Rules, 2014 and the Listing Regulations, a structured questionnaire was prepared considering the various aspects of Board functioning and composition of Board committees and used to evaluate the performance of the Board. The Independent Directors considered / evaluated the performance of the Non-Independent Directors at a meeting without the Non-Independent Directors.

The Board members subsequently evaluated performance of the Board, the Committees and Independent Directors as per the criteria and questionnaire developed for the purpose and the Board of Directors expressed their satisfaction with the evaluation process.

c. Familiarisation Programme

Your Company follows an orientation and familiarization programme through various reports / codes / internal policies for all the Directors with a view to update them on the Company's policies and procedures on a regular basis. Periodic presentations are made at the Board Meetings on business and performance, long term strategy initiatives and risks involved. The details about the familiarization program have been posted in the website of the Company under the web link <https://www.allsectech.com/investor-information/>

13. Directors' Responsibility Statement

The Board of Directors acknowledges the responsibility of ensuring compliance with the provisions of Section 134(3)(c) of the Companies Act, 2013. To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements:

Your Directors confirm the following that:

- a. In preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so



as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

- c. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The Directors had prepared the annual accounts on a going concern basis.
- e. Proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- f. Proper systems were in place so as to ensure compliance with the provisions of all applicable laws and were adequate and operating effectively.

14. Business Responsibility Report:

As stipulated under Regulation 34 of the Listing Regulations, the Business Responsibility Report, describing the initiatives taken by the Company from environmental, social and governance perspective forms a part of the Annual Report as 'Annexure - F'.

15. Audit & Auditors

a. Statutory Auditors

M/s. Deloitte Haskins and Sells, Chartered Accountants, the Statutory Auditors of the Company were appointed at the 20th Annual General Meeting held on September 30, 2019 for a period of 5 years. The Company has received necessary certificates under Sections 139 and 141 of the Companies Act, 2013, to the effect that they satisfy the conditions under the Act and the rules made thereunder for the above appointment. As required under the SEBI (LODR) Regulations 2015, the Statutory Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

b. Internal Auditors

The Board, on the recommendation of the Audit Committee, in its meeting held on July 19, 2021 had approved the appointment of M/s. Ernst & Young as the Internal Auditors of the Company for FY22 to conduct the audit on basis of a detailed internal audit plan which is reviewed each year in consultation with the Internal Audit Team and the Audit Committee. Internal Auditors give presentations and provide a report to the Audit Committee on a quarterly basis. The Board, on the recommendation of the Audit Committee, has re-appointed M/s. Ernst & Young as the Internal Auditors for the Financial Year 2022-2023.

c. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Mohan Kumar & Associates, Practicing Company Secretaries to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is given as an Annexure - C and forms part of this Report.

Pursuant to Regulation 24A of the Listing Regulations, a Secretarial Compliance Report for the financial year ended March 31, 2022 forms part of Annexure C.

d. Comments on Auditors' Report

There are no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors and Company Secretary in Practice in their reports respectively. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review.

16. Risk Management

Risk Management is an integral part of the business process. Pursuant to Section 134(3)(n) of the Companies Act, 2013, the Company has developed and implemented a Risk Management Policy. The policy has been approved by the Risk Management Committee of the Company on October 28, 2021. The Policy envisages identification of risk and procedures for assessment and minimization of risk. Policy adopted by the Company is available on the Company's website which can be accessed using the link www.allsectech.com/investor-information.

17. Internal Financial Control and Adequacy

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial disclosures. The Internal Audit is performed by an external agency and the main scope of the Audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the Industry. Additionally the Company engages an external agency to review the internal controls on financial reporting. There are no observations from the said review.

18. Related Party Transactions

The Company has formulated a policy on Related Party Transactions as approved by the Board and the same is uploaded on the Company's website <https://www.allsectech.com/investor-information/>